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COMMONWEALTH OF VIRGINIA

STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 29, 2002

COMMONWEALTH OF VIRGINIA, ex rel.

STATE CORPORATION COMMISSION

CASE NO. PUC010226

Ex Parte: Establishment of a
Performance Assurance Plan
for Verizon Virginia Inc.

THIRD PRELIMINARY ORDER

Pursuant to the Second Preliminary Order of January 8, 2002, comments were filed by Verizon Virginia Inc. ("Verizon Virginia"), AT&T Communications of Virginia, Inc. ("AT&T"), WorldCom, Inc. ("WorldCom"), Cox Virginia Telecom, Inc. ("Cox"), and XO Virginia Inc. ("XO"). All comments address the single preliminary issue of whether the Commission should at this time limit its consideration to adopting the New York Performance Assurance Plan ("NY PAP") scaled to the Virginia market. All parties are in agreement that the Commission should proceed in this manner.

The Commission finds that it will limit its consideration at this time to establishing a Performance Assurance Plan ("PAP") for Verizon Virginia that is based on the NY PAP. Therefore, we are now requesting additional comments on the

modifications to the PAP¹ now proposed by Verizon Virginia in its December 21, 2001, filing.² In addition, we will provide an opportunity for other parties to propose additional or other modifications to the NY PAP for adoption in Virginia.

We invite all interested parties to address the potential benefits or disadvantages to Virginia regarding any proposed modifications to the NY PAP. Further, to the extent feasible, the comments should address the financial ramifications for the industry (both CLECs and Verizon Virginia) from the adoption of any proposed modifications that differ from the NY PAP. The Commission is also interested in comments regarding the intended scope of any proposed modifications; i.e., those that are tailored to reflect the size of the Virginia market as compared to those that are meant to correct any perceived statistical or other deficiencies in the NY PAP.

There are several other areas of interest in which the Commission is requesting the parties' comments. First is the allocation of dollars/payments between the mode of entry ("MOE"), critical measures, and special provisions of the NY PAP. In particular, we are interested in whether any changes to

¹ Verizon Virginia has agreed to provide electronically a "red-lined" version of the PAP to the participants of the Performance Standards/Remedy Plan Subcommittee. The Division of Communications will post this document as soon as it is available on the Collaborative Committee's web page.

² Including the Change Control Assurance Plan ("CCA Plan") attached as Exhibit 1 with Verizon Virginia's proposed PAP.

how the dollars are assigned to each category or the inclusion or deletion of any performance measure(s) in these categories are necessary to reflect the Virginia marketplace as compared to that in New York.

The Commission is also seeking the parties' comments on whether adoption of Verizon Virginia's proposed CCA Plan (or certain aspects of it) adequately reflects the needs and regulatory requirements of Virginia. The Commission is particularly interested in comments on whether it should adopt a specific procedure for considering changes or modifications to the "adopted" VA PAP on a going forward basis and how it should deal with any exception process. Such comments should address whether the Commission should implement an annual or other mandated timeframe to review the PAP other than that proposed in the CCA Plan. These comments should include whether and how a review(s) should be conducted; i.e., should a review address only allocation of dollars and/or measurements included for payment or complete evaluation on all aspects of the PAP or other alternative.

In addition to the comments requested above, all parties are granted leave to file or renew a request for hearing.

Accordingly, IT IS THEREFORE ORDERED THAT:

(1) All parties are granted leave to file comments and/or requests for hearing on or before February 20, 2002.

(2) All parties are granted leave to file reply comments on or before March 6, 2002.

(3) This case is now continued.